

# South Dakota's Long-Term Care Partnership Program

*Knowing your options today  
Planning for tomorrow  
Looking ahead for the future*



South Dakota's  
**Long-Term Care**  
Partnership Program

Administered by the Department of Social Services and the Division of Insurance.

# **Our objective:**

## **Address key questions and empower you to make informed decisions.**

Isn't Long-Term Care just for older folks?

Isn't Long-Term Care the same as a nursing home?

Does the government pay for LTC in my home?

Doesn't health insurance pay for Long-Term Care costs?

Doesn't disability insurance pay for Long-Term Care costs?

Can't I just save some money and pay for my Long-Term Care costs?

How does a Long-Term Care Partnership insurance policy work?

How do I know I am getting a good policy?

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# Planning ahead can make a big difference for you and your family!

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# Long Term Care Settings

- Own Home
- Community
- Assisted Living
- Nursing Home

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# Why is it such a hot topic?

**Media Attention:** Time, Newsweek, USA Today

**2/3 will need supportive care after age 65**

**2 in 5 of us will need Long-Term Care**

**Compare to odds of:**

House burning down: 1 in 700

Wrecking your car: 1 in 50

Not just for elderly: 40% of people receiving LTC are working age.

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# Cost of Long Term Care:

(Average cost of a nursing home in SD in 2008)

- \$143 a day
- nearly \$53,000 a year.
- average stay to over \$130,000 (2.5 years in SD)

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# When will I need Long Term Care?

## When licensed health care provider says you:

- cannot perform at least **2 of 6 Activities of Daily Living** (ADLs) for a period expected to last at least 90 days

**OR**

- have a **severe cognitive impairment** that makes you unable to meet your own needs and it is expected to last at least 90 days.

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# Who will pay?

- Health Insurance?
- Disability Insurance?
- Medicare?
- You?
- Long-Term Care Insurance?



Do you have to be at least 65 years old? (NO)

Do you have to be in a hospital first? (NO)

Do you have to be out of work? (NO)

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# Health Insurance

- Group or Individual Plan
- Tries to cure or stabilize you
- Pays for skilled care from someone who typically has a license (MD, RN, Physical Therapist)
- May have short term aftercare benefit
- Co-pays and deductibles apply

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# Does Health Insurance cover Long-Term Care?

Language from actual policies:

“Exclusions: Custodial care”

“Medical care not covered: Custodial Care or Rest Cures.”

“Exclusions: Custodial care, except for covered hospice care.”

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# Does Short-Term or Long-Term Disability Insurance cover Long Term Care?

- “Paycheck insurance” if you can’t work.
- Replaces part of your paycheck (50% to 66%)
- Disability Insurance typically does not pay to have someone take care of you
- May have exclusionary period

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# Does Medicare cover Long-Term Care?

- Health Insurance for individuals 65 and older or with disabilities
- Covers skilled care in a skilled nursing home and limited skilled services (nursing, therapies, etc.) at home
- Usually no benefits for personal or custodial care
- Provides limited assistance in a program of long-term care
- Co-payments and deductibles apply

**Quote** from NAIC LTC booklet:

**“Medicare does not cover long-term care.”**

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# Does Medicaid cover Long-Term Care?

- Covers 44% of LTC costs in USA --with strict financial and medical guidelines
- Federal & state program providing health care for low income individuals, families and children
- No routine coverage for custodial care in home  
(Medicaid can cover in-home health care for medical necessity with physician orders)
- Federal law requires recovery from the recipient's estate

## SD Medicaid Contact Information:

**Phone:** 1-800-597-1603

**Web:** [www.dss.sd.gov](http://www.dss.sd.gov)

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# Long-Term Care Insurance

- Doesn't try to cure you
- “Unskilled” care or “custodial care”
- Personal care
- Pays for supervision
- Deficits in 2 or more ADLs and/or cognitive losses as stated by licensed health care professional
- May have a deductible or exclusionary period before payment

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# Where do we get Long Term Care today?

## **At home or in the community:**

80% receive LTC at home or at Adult Day Services

Adult Day Services

Formal & Informal Home Care

## **Assisted Living Facility (“ALF”)**

2% receive LTC in Assisted Living Facilities

## **Nursing Home (Skilled Nursing Facility)**

18% receive LTC in Nursing Homes

# Do all Long Term Care insurance policies cover in-home services?

- Optional

Policies may be

- “facility only”
- “comprehensive”

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# Cure vs. Care

## 1. Young man:

- Health insurance would cover
- Disability insurance would cover
- Long-Term Care Partnership Insurance policy would cover

## 2. Grandma:

- Medicare would cover
- Medicaid would cover or
- Long-Term Care Partnership Insurance policy would cover

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# Who needs long-term care?

40% of people receiving LTC are between ages 40 and 64!

## Who pays for long-term care costs in South Dakota?\*

- **Medicaid**                      **59%**
- Private pay                      34%
- Medicare                        6%
- VA                                1%

\*2005 figures

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# Review of Understanding

Is long-term care just for older people?

Is long-term care always in a nursing home?

Does health insurance typically cover long-term care?

Should we depend on Medicare to pay for our long-term care costs?

Who pays for long-term care in my home?

Would I be able to save money and pay for my long-term care costs on my own?

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# Partnership Policies: Consumer Friendly

- **Medicaid Asset Protection**
- **Rates do not go up** just because we get older
- **Inflation protection** included in every policy issued at age 76 and younger
- **Individuals choose** where their care is received.
- Access to impartial assistance from care **coordinators**
- **Division of Insurance reviews** and approves policies of insurers
- **Agents** have 8 hours of **extra training**, plus 4 more hours bi-annually
- **“Tax qualified”**

What does this mean to me?

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# Partnership Policies: The Key Concept

When individuals buy a Partnership policy, they are buying a “pool of money” - the insurance company’s money - to pay for their long-term care costs.

“Pool of Money” shifts financial risk to insurance company.

## What is a “pool of money” or “lifetime maximum benefit”?

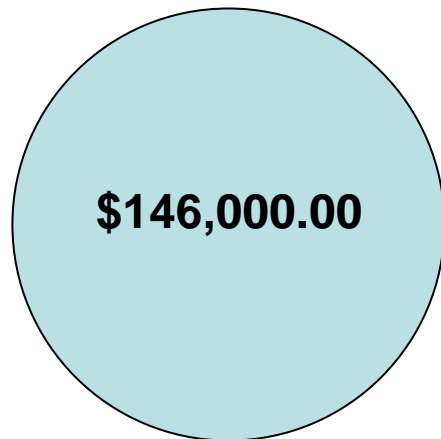
Examples of a “pool of money” you may currently have:

- auto/car insurance
- home owners’ or renters’ insurance
- life insurance

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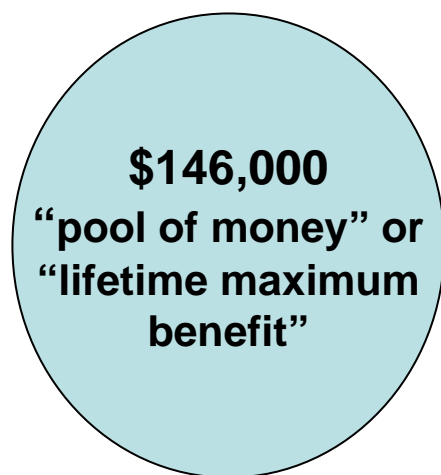
# Partnership Policies: How do they work?



- Daily Benefit for Nursing Home: \$200
- Daily Benefit for Assisted Living Facility: \$100
- Daily Benefit for Home or Community Based: \$100

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# Partnership Policies: How long does it pay for care?



- May have no set time limits on how long your LTC Partnership plan will pay for care
- Pay for care until you use your pool of money.
- \$200 per day for care in Nursing Home, will pay for 730 days of care= two years
- \$100 per day for Home Care or Assisted Living Facility how long will this "pool of money" pay for care?

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# Partnership Policies: Medicaid Asset Protection

- Difference between a Partnership policy and a non-Partnership policy is Medicaid asset protection
- When determining your eligibility for Medicaid, you keep assets up to the amount your Partnership policy has paid in benefits
- Protected assets retained will not be recovered from your estate
- All other Medicaid LTC assistance eligibility must be met



# Partnership Policies: Medicaid Asset Protection

	<b>Assets</b>	<b>Total <u>PAID OUT</u> by Partnership policy</b>	<b>Amount You May Keep</b>
<b>Person A</b>	\$60,000	\$60,000	\$60,000
<b>Person B</b>	\$200,000	\$200,000	\$200,000
<b>Person C</b>	\$200, 000	\$100,000	\$100,000
<b>Person D</b>	\$1,000,000	\$300,000	\$300,000
<b>Person F</b>	\$175,000	\$0	\$0

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# Partnership Policies: Inflation Protection

When you buy:

- Under 61 years of age, compound annual inflation protection
- 61 to 76 years of age, simple inflation protection

(May not be less than 3% per year or = Consumer Price Index)

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# Is LTCi expensive?

## Sample Rate for Partnership LTCI policy:

### Age 50:

Lifetime maximum benefit / “pool of money”: \$73,000

\$100 Daily Benefit Amount for Nursing Home and Assisted Living Center

\$50 Daily Benefit Amount for Home Care

3% automatic inflation protection built in that increases benefit each year

**Approximately \$60 monthly premium**

### Age 65:

Same benefits as above

**Approximately \$152 monthly premium**

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# When should I buy a LTC Partnership Policy?

Should I wait until I am sick?

You have to pass “underwriting” - be in reasonably good health.

Should I wait until I am 65 years of age or older to buy?

Risk—need care sooner?

Underwriting

Cost

Adults are “never to young” to buy Long Term Care Insurance!!

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# Choices to make:

- Daily benefit amount
- Total “pool of money”
- Elimination period
- Maximum benefit period (2 yrs, 5 yrs, lifetime)
- Comprehensive or Facility only
- Unintentional lapse provision

# Review

## Once I purchase a Long-Term Care Partnership policy:

Does the rate go up each year as I get older?

Do I get to choose where I receive my long-term care?

Should I wait until I am sick to think about purchasing a Long-Term Care Partnership policy?

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# How do I choose an insurance company?

Questions to ask:

1. Has the company ever raised rates? If yes, how many times?  
(Look for never or few)
2. How old is the company? (Look for 40 years plus)
3. How many assets does the company have? (Look for \$1 billion plus)
4. What letter grade does the company get from A. M. Best ([www.ambest.com](http://www.ambest.com))? (Look for rating in the A's)

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# For More Information

South Dakota's Long Term Care Partnership Program

**[www.ltcpartnership.sd.gov](http://www.ltcpartnership.sd.gov)**

## **South Dakota Department of Social Services**

**Phone:** 1-800-597-1603

**Email:** [DSSInfo@state.sd.us](mailto:DSSInfo@state.sd.us)

## **South Dakota Division of Insurance**

**Phone:** 605-773-3563

**Email:** [insurance@state.sd.us](mailto:insurance@state.sd.us)

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**Thank you!!!**

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